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TREASURY FOR OASIA
FRANKFURT FOR TREASURY JIM WALLAR

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SUBJECT: PRIVATE PROPERTY COMPENSATION BILL ADVANCES TO COMMITTEE IN POLISH PARLIAMENT

REF: A. 2003 WARSAW 4074

1B. WARSAW 1225

Classified By: Acting Political Counselor William Mozdzierz.
Reasons 1.5 (B) and (D)

¶1. (U) Following a sharp debate April 15, the Polish Parliament voted by an overwhelming majority of 303 to 105 to send to committee a government bill that would provide cash compensation for property nationalized after the Second World War. Although in the debate, the opposition Civic Platform (PO) and Law and Justice Party (PiS) criticized the bill for only providing for 15 percent compensation and questioned the GOP's estimate of 36.1 billion PLN in claims (10.25 billion USD) as far too low, these parties voted to send the bill to committee. The ultra-conservative League of Polish Families (LPR) voiced similar concerns, but voted to against the bill, as did the traditionally anti-reprivatization Polish Peasant Party (PSL). The populist Self-Defense Party (SO) also voted against the bill and criticized the GOP for consulting the draft legislation with "world Jewish organizations," but not with organizations representing the Polish diaspora.

¶2. (U) As a result of this vote, the Sejm Treasury Committee will set up a subcommittee to consider the bill. As predicted (Ref A), the bill provides for cash compensation for nationalized real estate and some works of art (except for pre-1939 Warsaw), but makes no provision for in rem restitution. It allows for a one year filing period starting on the date the law is enacted, during which claimants would be required to file fairly detailed documentary evidence substantiating their claims with the Polish provincial governor of the province in which the property is located. Claimants can designate representatives; however, representative agreement signed outside of Poland would require notarization by a Polish consular section. Provincial governors would decide the claims and pass a list of successful claimants to the central government within 15 months of the law's enactment. Compensation would be distributed in four equal payments with six-month interval (with the three later payments adjusted for inflation) starting no sooner than 2008.

¶3. (C) The rate of compensation is likely to remain a significant bone of contention in the subcommittee. However, despite their criticism of the low rate of compensation in the Sejm debate, in private PO and PiS seem to have accepted the GOP argument that Poland can afford only 15 percent. Sejm Treasury Committee Chairman Kazimierz Marcinkiewicz (PiS) told us that he sees little possibility for giving compensation greater than this percent. PO Parliamentary Club leader Jan Rokita informed us that according to PO estimates, the GOP proposal of 15 percent is optimistic and the Polish treasury has assets for only 12 or 13 percent. Bearing this in mind, Rokita favors adding the possibility for in rem restitution not only as a way to provide fuller justice, but to reduce the cost of compensation. He is doubtful, however, that such a provision will garner enough votes to be accepted in the current Sejm.

¶4. (C) The accuracy of the GOP's estimate of 10.25 billion USD in claims may also become an issue in further work on the bill. Other GOP experts predict that total claims may reach 60 billion PLN (20 billion USD). These figures are significantly lower than the 200 billion PLN (67 billion USD) number for the value of all nationalized property given the Embassy by the Treasury Ministry in 2003 (Ref B). Recent Polish media accounts of an Israeli government report that estimates the total value of former Jewish nationalized private property in Poland at 36 billion USD have also fueled skepticism toward the GOP's estimate of total claims. Most commentators here, however, including the Israeli Embassy and the leadership of Poland's Jewish community, believe this number to be exaggerated.

¶5. (SBU) Comment. The successful vote to send the bill to committee is a good first step toward enacting a private property compensation law and means the bill is closer to

becoming law than any other proposal since the spring of 2001. It is unclear at the moment how fast the bill will continue to progress. Initially Treasury Committee Chairman Marcinkiewicz told us that it would take two months to pass the bill once it reached committee, but now he has backed away from this estimate. In any case, it seems possible that this bill will be passed if the current Sejm goes full term (i.e. until September).

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